Hospitals must demonstrate no more than a 90 percent LTV ratio to be eligible for FHA mortgage insurance.

LTV is calculated using this formula:

LTV = (Total Proposed Mortgage Amount) / (Total Estimated Replacement Cost)

Total Estimated Replacement Cost includes all Project Costs (including cost of issuance), the value of any land or property, plant, and equipment (PPE) that is to be purchased for the Project, and the net book value of the hospital's PPE that will be included as mortgaged property (based on the hospital's latest audited financial statement).

For Section 241 proposals, the “Total Proposed Mortgage Amount” should include the unpaid principal balance on existing FHA-insured mortgages.

For assistance calculating LTV, please use the LTV Worksheet available here

If, based on your calculations within the attached worksheet, the hospital meets the LTV requirement, please click on "Yes" when answering this question.